R.J. Reynolds Tobacco Company

Inter-Office Correspondence

SENT VIA E-MAIL

Brian F. Coleman Key Account Manager

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August 10, 1998 BFC-148-97

ROU

1110 1210 1710

Please Distribute to All RM's/RR's w/Responsibility for Marc's / Xpect

Re:

Marc's

(CID #3906-00-00)

Xpect

CID #3906-01-00)

Contract Negotiations

Please be advised that we have finalized contract negotiations with the MGI owner of Marc's and Xpect stores. Marc's/Xpect has decided to Partner with RJR and B&W in all locations. With this new arrangement, all stores will be reset in order to provide B&W an exclusive 2' merchandiser to be placed Non-Self Service. RJR will dominate the Non-Self Service set and will also have a 24-facing APD Display and two (2) 2'x2' Price Signs authorized for each location.

B&W will also have a counter display with a total of 12 facings along with a GPC price sign. We are in the final stages of developing plan-o-grams for each of the locations as well as a roll-out schedule to reset all locations. Upon completion of the schedule, I will be ordering the necessary fixtures, displays and signs to each location for implementation. You will be provided a reset schedule for this roll-out.

All contracts are being entered into the system now. As always, I thank you for your assistance with this important chain account. Should you have any questions, please feel free to contact me.

Regards,

BrianBrian F. Coleman

BFC/ccs